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March 25, 2003

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth St., S.W.  
Washington, D.C. 20554

**Re: Petition of the Palau National Communications Corp.,  
CC Docket No. 96-45**

Dear Ms. Dortch:

On behalf of the Palau National Communications Corp. ("PNCC"), four separate *ex parte* presentations were made yesterday and today regarding the proceeding referred to above.

Yesterday, we made a presentation to Commissioner Kathleen Q. Abernathy, her senior legal advisor Mathew Brill, her legal advisor Jennifer Manner, and her special assistant Jason Scism.

Today, we made separate presentations to:

(1) Chairman Michael K. Powell, his senior legal advisor Bryan Tramont, Wireline Competition Bureau ("WCB") Chief Bill Maher, International Bureau ("IB") Chief Don Abelson, and Anita Dey of the IB staff;

(2) Dan Gonzalez, senior legal advisor to Commissioner Kevin Martin;  
and

(3) Bill Maher, Chief, WCB; Carol Matthey, Deputy Chief, WCB; Narda Jones, legal advisor to the chief, WCB; Eric Einhorn, Chief, Telecommunications Access Policy Division, WCB; Sharon Webber of the WCB staff; John Rogovin, General Counsel; Debra Weiner, Assistant General Counsel; Sonja Rifken of the

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Office of General Counsel; Anna Gomez, Deputy Chief, IB; and Anita Dey of the IB staff.

Participants in the meeting on behalf of the Republic of Palau and the PNCC included the Honorable Tommy E. Remengesau, President of the Republic of Palau; Hersey Kyota, Ambassador from the Republic of Palau to the United States; Larry Goddard, Legal Counsel to the President; Kassi Berg, Legal Counsel to the Palau National Congress; Ed Carter, General Manager, PNCC; Carlos Salii, member of the Board of Directors of PNCC; Manase Mansur, lobbyist for the Republic of Palau; and Doug Klein and the undersigned of Hogan & Hartson, LLP, counsel to PNCC.

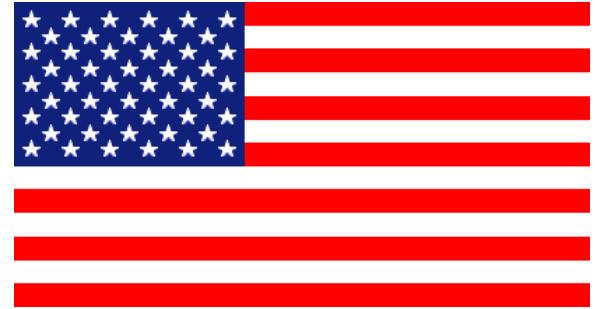
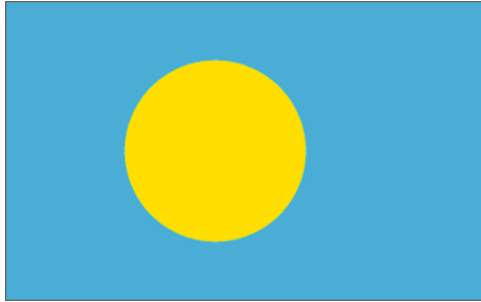
The presentations followed the points in the attached documents, which were handed out during the meeting, as well as other documents already in the record of this proceeding. If you have any questions, please contact me.

Respectfully submitted,

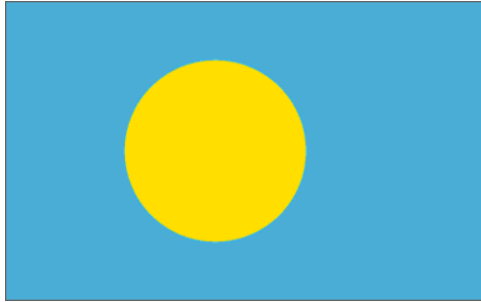
A handwritten signature in black ink, reading "David L. Sieradzki". The signature is written in a cursive, flowing style.

David L. Sieradzki  
Counsel for the Palau National  
Communications Corp.

cc: FCC Commissioners and staff members listed above

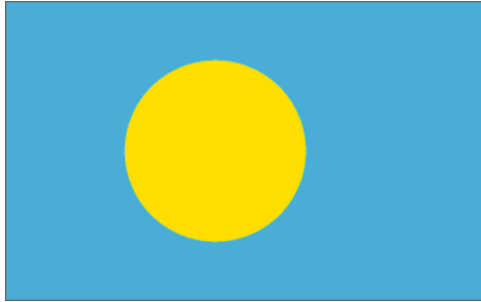


Tommy E. Remengesau, Jr.,  
President, Republic of Palau  
Presentations to  
The Commissioners of the  
U.S. Federal Communications Commission  
March 2003



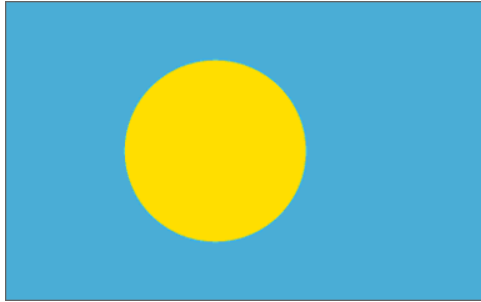
## *The Republic of Palau*

- Palau, with a population of about 19,500, was part of the U.S. Trust Territory of the Pacific from World War II until 1994.
- Since 1994, Palau has been independent but continues to be closely linked to the U.S. under a Compact of Free Association, enacted into U.S. law by Congress in 1986 and ratified by Palau in 1993.
- The Compact commits the U.S. to promoting Palau's economic development, and entitles Palau to continue to be treated as if it continues to be part of the U.S. for purposes of specific programs.



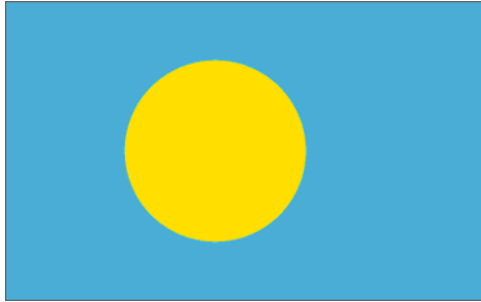
## *Palau's Unique Relationship With the United States*

- Palau is a potentially important national security asset in a volatile part of the world.
  - The U.S military has exclusive responsibility for and access to Palau for a 50 year period.
  - Palauans are proud to serve in the U.S. armed forces.
  - Palau is a strong supporter of the war on terrorism.
- The Compact includes a U.S. commitment to help promote Palau's economic development, and provides for Palau to continue to participate in certain U.S. domestic programs.



## *The U.S. Executive Branch Supports Including Palau in the Universal Service Program*

- **The U.S. State Department, which negotiated the Compact and oversees U.S. international relations with Palau, wrote to Chairman Powell on Sept. 20, 2002:**
  - “I ... urge you and your colleagues at the FCC to take into consideration the unique relationship between the United States and Palau and our political, economic and strategic interests in Palau. . . . [E]conomic development and self-sufficiency – two of the Compact’s principal objectives – would not be possible without an effective telecommunications system. . . . The Department of State supports Palau’s pursuit of NECA membership as a means of securing our economic and strategic interests in Palau.”
- **The U.S. Department of the Interior, whose Office of Insular Affairs plays a key role in implementing the Compact, wrote to Chairman Powell on Oct. 9, 2002:**
  - “To grant the PNCC’s request for Palau’s inclusion in the universal service program would serve both Palau’s interests and those of the United States. Assuring a strong telecommunications infrastructure in Palau is necessary to the freely associated state’s continuing economic development and to ensure that Palau remains a strong ally of the United States. In addition, including the PNCC in the FCC’s regulatory programs is consistent with the Compact of Free Association. It appears that the PNCC has satisfied the conditions specified in the Compact for becoming subject to the FCC’s common carrier regulations.”



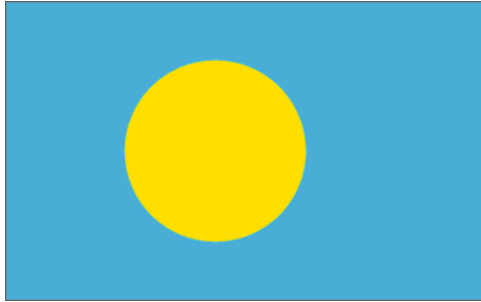
## *The FCC Has Jurisdiction Over PNCC*

“The United States Federal Communications Commission has jurisdiction, pursuant to the Communications Act of 1934, . . . over all domestic and foreign communications services furnished by means of satellite earth terminal stations where such stations are owned or operated by United States common carriers and are located in Palau.”

*Compact of Free Association, Article III, Section 131(a)(1)*

“Palau will be included in the United States telecommunications system for rate-making and other operational aspects relating to United States common carriers.”

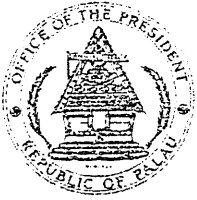
*Senate Rept. No. 99-403, P.L. 99-658, at 38.*



## *PNCC's Petition Before the FCC*

- The Palau Compact specifically directs the FCC to exercise its Communications Act authority over any carrier that:
  - is a United States common carrier;
  - provides domestic and international communications services in Palau; and
  - does so using satellite earth stations that it owns and that are located in Palau.
- For purposes of telecom regulation, the Compact treats Palau as if it were part of the United States (“the Nation”).
  - The FCC can and should interpret “the Nation” to include all areas subject to FCC jurisdiction, including Palau.





**Republic of Palau**  
*Office of the President*

Tommy E. Remengesau, Jr.  
*President*

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March 20, 2003  
Serial No. 03-84

Honorable George W. Bush  
President of the United States of America  
Executive Office of the President  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500

Re: Unqualified Support for U.S. War Efforts in Iraq

Dear President Bush:

I would like to offer you my unqualified support and the support of the people of the Republic of Palau for the valiant decision that you have made on behalf of the people of the United States, as well as those around the world, to back up the intent of United Nation's Resolution No. 1441 by initiating 'Mission Iraqi Freedom' and ending the regime of Saddam Hussein.

The United States has, over the last decade, demonstrated great restraint and respect for the United Nations process regarding the continuous violations of U.N. mandates regarding Iraqi disarmament. Despite this restraint and the clearly stated commitment of your Administration to follow through to a final solution, President Hussein has failed to honor his stated commitment under this and other related U.N. resolutions.

It is quite clear that short of your determination to take remedial action, no significant disarmament would occur. While Palau is not capable of offering you military support beyond the service of Palauan men and women in the U.S. military, many who are now stationed in the Middle East, I would like to reiterate Palau's commitment to offer you whatever assistance that America may need during the coming conflict, including the use of our existing facilities as an additional staging area for military operations. I would also formally request that Palau be added to the list of 'Willing Coalition Countries' supporting the war in Iraq.

I offer you and the American people, especially those young men and women who are defending freedom and democracy in America's military, my prayers that a peaceful response will result from your efforts. Barring that, I pray for a short and successful campaign. May God bless your efforts.

Sincerely,

Tommy E. Remengesau, Jr.  
President of the Republic of Palau